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# FEDERAL GOVERNMENT STRATEGIC SOURCING OF INFORMATION PRODUCTS AND SERVICES

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## **PREFACE**

This report describes the current landscape of the federal marketplace regarding the acquisition of information goods and services, which includes electronic databases, books, and serials. It compiles comprehensive data on the amount that federal agencies are spending on these products and services and also identifies the major vendors of these products and services. In addition, the report forecasts through FY2015 the potential savings to the federal government if agencies purchased these products and services through a strategic-sourcing initiative. The data are presented in the form of tables, graphs, and charts, accompanied by narrative explanation and analysis.

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## **INTRODUCTION**

This report provides an analysis of the federal government’s information market from fiscal year (FY) 2000 to FY2011, as well as estimates of cost savings the federal government could realize from FY2012 to FY2015 by procuring information goods and servicing through a strategic-sourcing process. Among the topics analyzed in this report are the products and services that compose the information market, the federal agencies that have been major purchasers of those products and services, and the contractors that have provided them. Throughout this report, data tables, graphs, and charts detail and illustrate the findings.

Briefly summarized, the findings are that from FY2000 to FY2011, federal government agencies spent an estimated \$7 billion—around \$600 million annually—on print publications, electronic databases, information retrieval, and other commodities that can be collectively described as an “information market.” If all federal agencies procured information products and services through the federal government’s existing strategic-sourcing program, the Federal Strategic Sourcing Initiative (FSSI), the federal government could realize savings ranging from 9 percent to 20 percent, or around \$100 million to \$400 million in total savings for the four-year period from FY2012 to FY2015. In addition to these direct savings on purchases, the government could realize indirect savings on labor and other costs associated with procurement.

## **METHODOLOGY**

The data in this report are from USAspending.gov, a Web site that the Office of Management and Budget maintains to disclose details of federal awards, including funding agency, award amount, and award recipient. The researchers first determined the categories of goods and services that can be reasonably considered to constitute an information market by determining the “Product Service Codes” (PSCs) that federal procurement contracts use to classify contracted products and services. The researchers concluded that 16 PSCs cover information commodities (see table 1, below, for a listing of these PSCs) and then used the USAspending Web site’s “Primary Award Advanced Search” to search for information on the 16 PSCs. The researchers downloaded data on a) the federal agencies that awarded contracts for all 16 PSCs and b) the contractors that were awarded those contracts. The data cover the value of federal procurement contracts rather than the number of such contracts, because USAspending.gov only allows users to download contract value data and not data on the number

of contracts. The researchers downloaded more than 400 comma-separated value-format (CSV-format) files, converted those files to Microsoft Excel files, and used Excel to produce the analysis detailed herein. The researchers downloaded these data files on July 19 and 20, 2011, and the data are accurate as of those dates. The years of coverage for the data in this report—FY2000–FY2011—reflect all of the fiscal years for which USAspending.gov provided federal award data in July 2011.

## **OVERVIEW OF THE FEDERAL STRATEGIC SOURCING INITIATIVE**

In May 2005, the Office of Management and Budget and the Office of Federal Procurement Policy issued a memorandum requiring federal agencies to identify commodities that the government could efficiently purchase through strategic sourcing. The document defined strategic sourcing as “the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently.”<sup>1</sup> Soon after, in November 2005, the General Services Administration (GSA) and the Department of the Treasury launched the Federal Strategic Sourcing Initiative (FSSI), and the federal government later established FSSIs for domestic delivery services, office supplies, and wireless telecommunications services.<sup>2</sup> According to GSA, federal government agencies utilizing these FSSIs have collectively saved \$10.2 million on office supplies (9 percent savings on products and services valued at \$113.2 million) and \$134 million on domestic delivery services (71.3 percent savings on commodities valued at \$188.7) in FY 2011.<sup>3</sup>

## **DEFINING THE FEDERAL INFORMATION MARKET**

In order to present an analysis of the federal government’s spending on the “information market,” it is necessary to operationally define the term as it is used in this paper. The U.S. federal government does not formally define the information market, but a taxonomy of products and services that constitute an information market can be constructed from classification systems

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<sup>1</sup> U.S. Office of Management and Budget, “Implementing Strategic Sourcing” (memorandum, Washington, DC, May 20, 2005), <http://www.uspto.gov/web/offices/ac/comp/proc/OMBmemo.pdf> (accessed July 15, 2011).

<sup>2</sup> U.S. General Services Administration, “About Strategic Sourcing,” <http://strategicsourcing.gov/gsa/about-strategic-sourcing> (accessed July 26, 2011).

<sup>3</sup> U.S. General Services Administration, “Strategic Sourcing Metrics,” <http://strategicsourcing.gov/gsa/index.php> (accessed July 26, 2011).

that federal agencies use in procurement contracts. One such system is the aforementioned PSCs, specifying goods and services purchased under government procurement contracts, and another is the North American Industry Classification System (NAICS), which outlines categories of industries and commercial activities that provide products and services.<sup>4</sup>

The information in this report is based on data organized by PSC rather than NAICS categories, because PSC categories are more appropriate for identifying procured products and services. In federal procurement contracts, NAICS classifications specify the industries that produce and distribute goods and services, whereas PSC designations identify the procured products and services.<sup>5</sup> Moreover, federal contract data on PSC classifications are more readily available than are contract data organized by NAICS categories. The reason for the greater availability of PSC data is that the USAspending.gov Web site allows users to download federal contract data for PSC categories but not for NAICS classifications.

Based on PSC classifications, 16 categories of products and services can be considered to be components of the federal government's information market. These products and services, which are listed in table 1, consist of a diverse array of commodities, including books, electronic databases, and library services.

One finding that emerges from the data in table 1 is that federal government agencies spent around \$7 billion on information products and services in the 12 years from FY2000 to FY2011, an average of nearly \$600 million annually for that period. The figures, however, likely undercount the actual value of information commodities, because they include only contract values for product service codes that can be reasonably categorized as part of an information market and not all contracts awarded to companies that provide only information products and services. For example, the \$7 billion in federal spending on information products and services does not include contracts such as a Reed Elsevier agreement with the Department of the Treasury for the Lexis/Nexis electronic database under PSC 7030, "Automatic Data Processing Software." PSC 7030 covers commodities not defined as part of the information market such as a Dell Incorporated contract with the Department of the Treasury for Dell Optiplex, a desktop computer system, that is also classified as PSC 7030.

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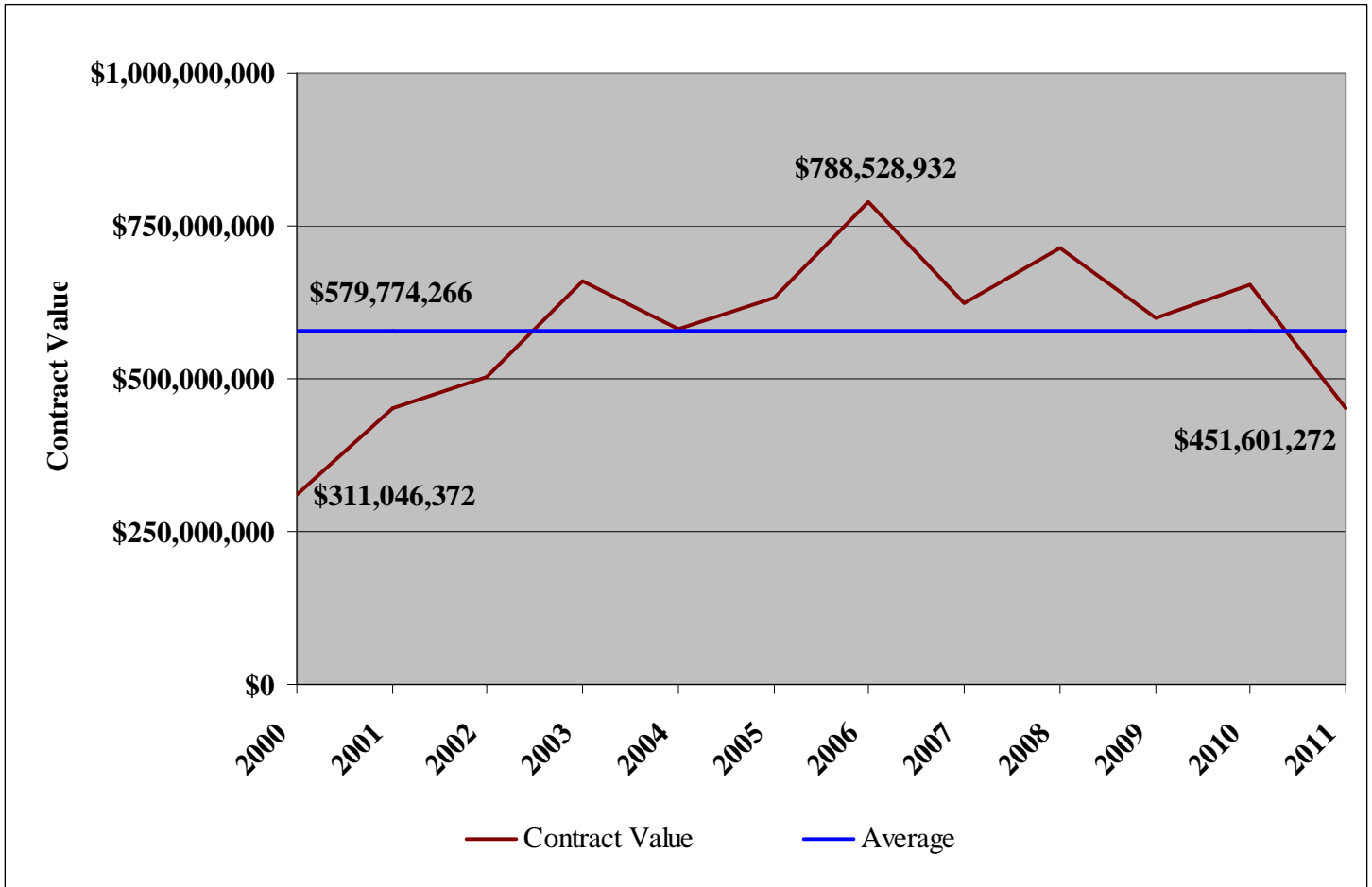
<sup>4</sup> U.S. General Services Administration, "Frequently Asked Questions About FPDS-NG," [https://www.acquisition.gov/faqs\\_whataboutfpds.asp#q16](https://www.acquisition.gov/faqs_whataboutfpds.asp#q16) (accessed July 28, 2011).

<sup>5</sup> U.S. Census Bureau, *2007 NAICS Definitions* (Washington, DC, 2007), np [page 376 of downloadable PDF], <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2007> (accessed July 19, 2011).

**Table 1. Federal Information Market, Products and Services**

Information Products and Services (Product Service Code)	Contracts (in \$) FY2000–2011	Percentage of Total Contracts	Cumulative Percentage
Miscellaneous Printed Matter (7690)	1,303,443,826	19%	19%
Automated News Services, Data Services, or Other Information Services. Buying data the electronic equivalent of books, periodicals, newspapers (D317)	1,202,863,572	17%	36%
Books and Pamphlets (7610)	1,110,611,390	16%	52%
Library Services (R605)	865,976,774	12%	64%
Maps, Atlases, Charts, and Globes (7640)	790,124,532	11%	76%
Information Retrieval (R612)	768,035,296	11%	87%
Newspapers and Periodicals (7630)	630,121,491	9%	96%
Microfilm Processed (7670)	92,473,671	1%	97%
Drawings and Specifications (7650)	84,016,098	1%	98%
Digital Maps, Charts, and Geoditic Products (7644)	72,347,098	1%	99%
Technical Representation Services—Books, Maps, and Other Publications (L076)	26,657,798	0%	100%
Aeronautical Maps, Charts, and Geodesic Products (7641)	4,229,285	0%	100%
Sheet and Book Music (7660)	2,766,672	0%	100%
Hydrographic Maps, Charts, and Geodesic Products (7642)	1,978,018	0%	100%
Topographic Maps, Charts, and Geodesic Products (7643)	1,644,734	0%	100%
Books, Maps, and Other Publications (76)	934	0%	100%
<i>Total</i>	<i>6,957,291,189</i>	<i>100%</i>	
<i>Annual average, FY2000–2011</i>	<i>579,774,266</i>		

Another finding that emerges from data available from USAspending.gov is that the federal government spending on information products and services increased from roughly \$300 million in FY2000 to nearly \$800 million in FY2006 and settled to approximately \$450 million in FY2011 (as of July 2011; see figure 1, below).



**Figure 1. Value of the Federal Information Market, FY2000–2011**

With regard to the major products and services in the information market, seven of the 16 types of information products and services accounted for nearly 96 percent of federal government spending as measured by contract value from FY2000 to FY2011.



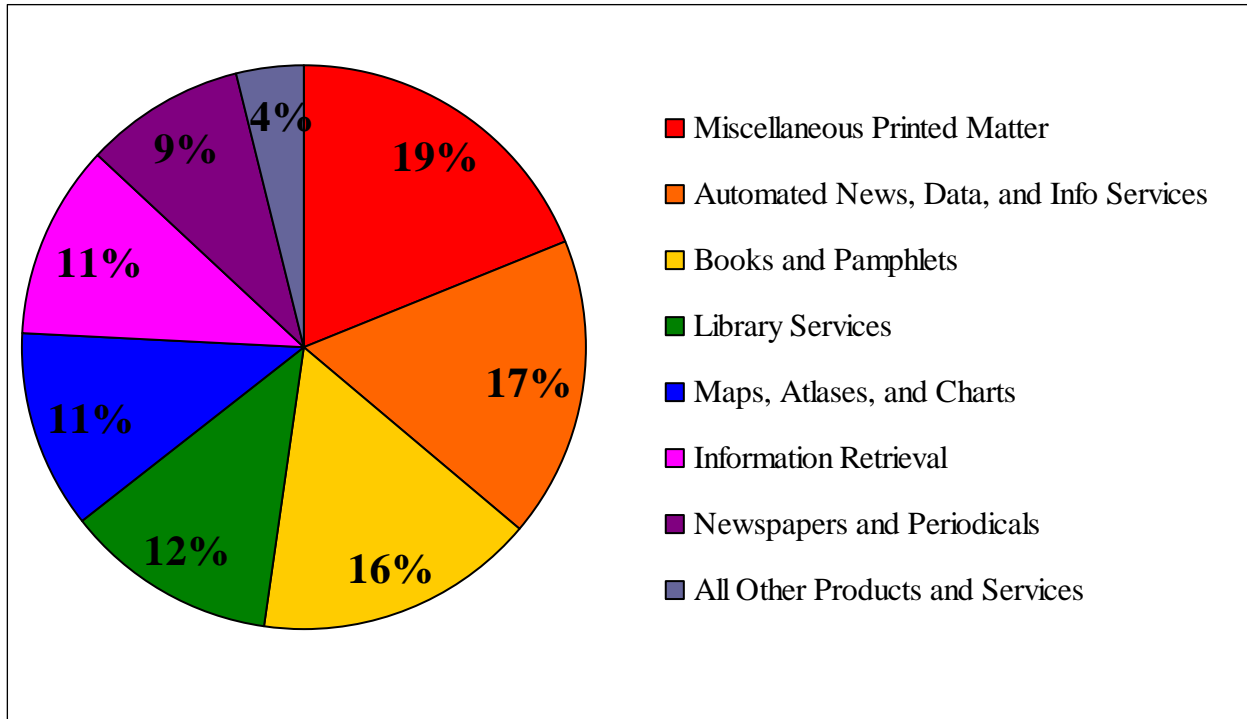


Figure 2. Federal Information Market FY2000–2011, Products and Services

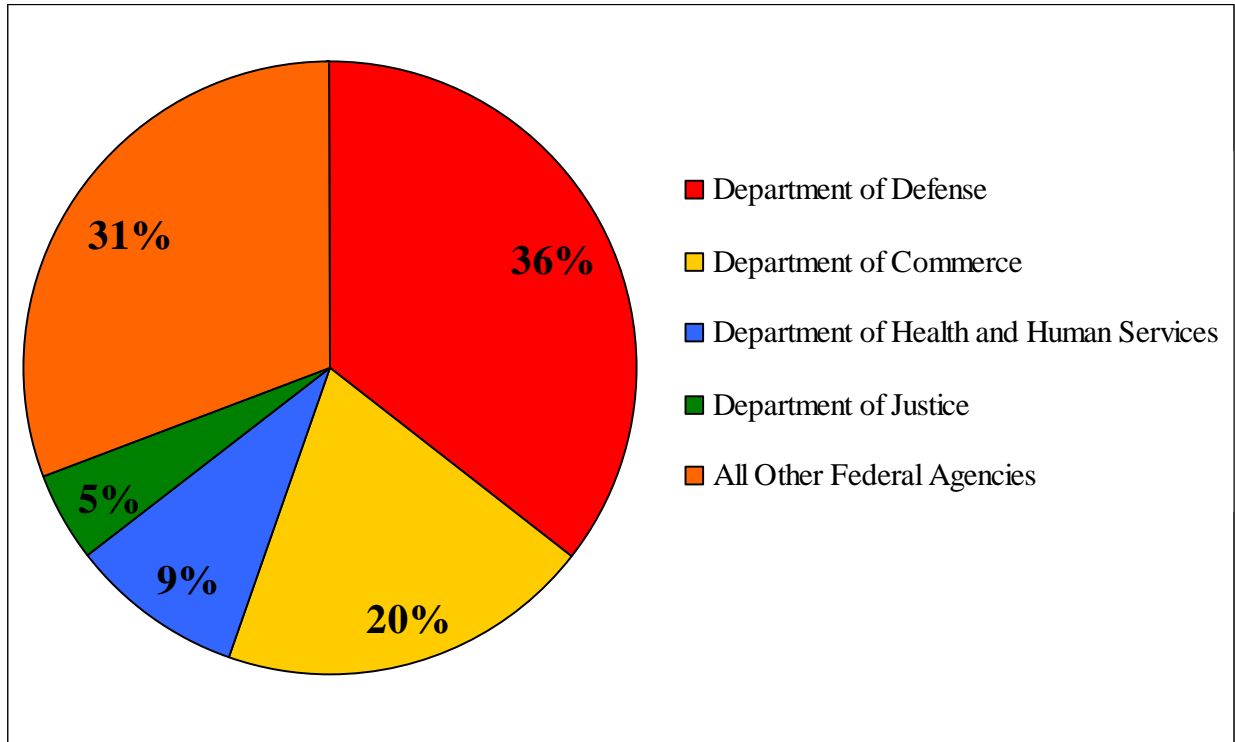
### INFORMATION MARKET SPENDING BY FEDERAL AGENCIES

Federal-agency spending on information products and services from FY2000 to FY2011 varied substantially, from approximately \$5 million (Small Business Administration) to nearly \$2.5 billion (Department of Defense). Furthermore, the average spending by federal agencies on information products and services from FY2000 to FY2011 was \$278 million per agency (see table 2 and figure 3, below).

**Table 2. Federal Agencies' Spending on Information Products and Services**

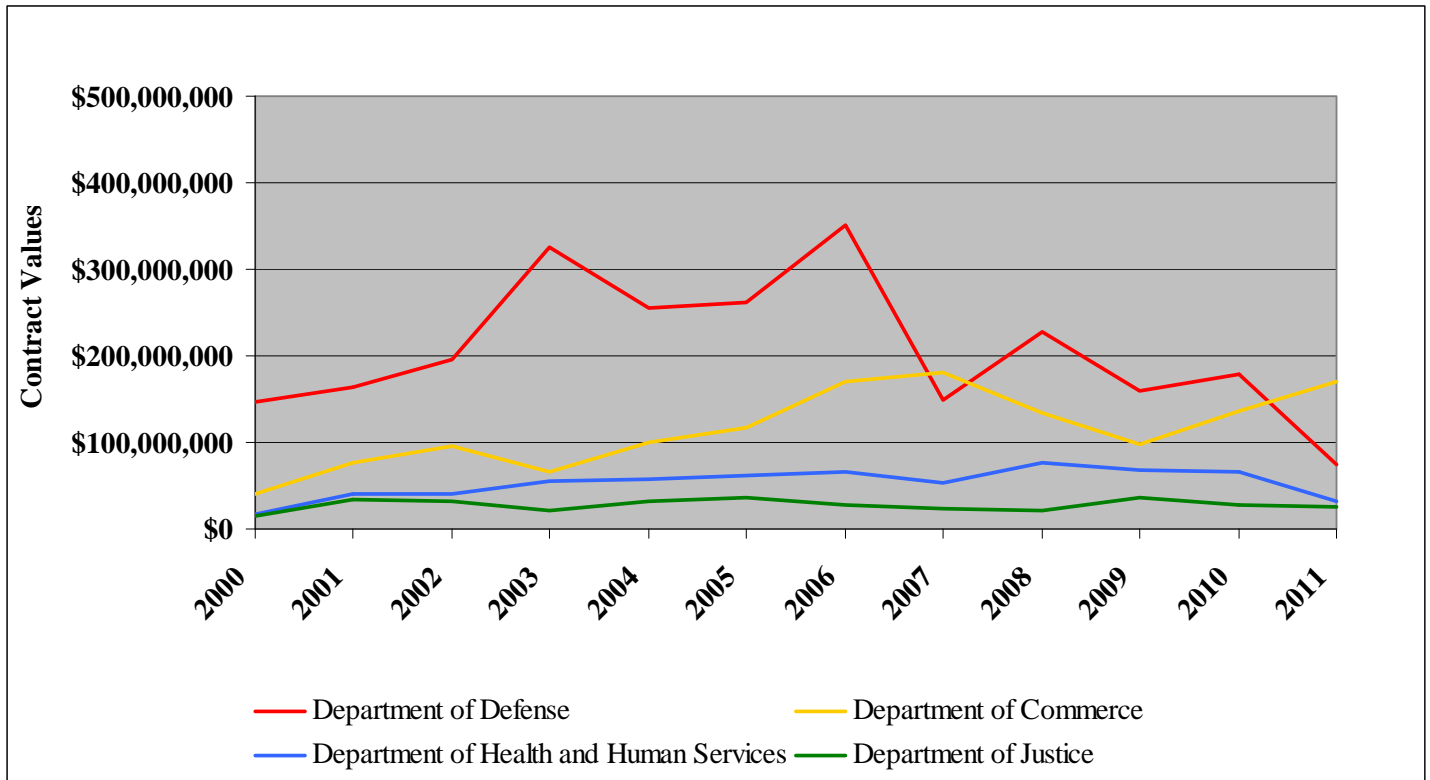
<b>Agency</b>	<b>Info. Product and Service Spending (in \$), FY2000–FY2011</b>	<b>Percentage of Total</b>
<i>Department of Defense</i>	2,479,022,013	35.6%
<i>Department of Commerce</i>	1,381,658,228	19.9%
<i>Department of Health and Human Services</i>	633,322,492	9.1%
<i>Department of Justice</i>	329,393,034	4.7%
<i>General Services Administration</i>	251,778,625	3.6%
<i>Department of Veterans Affairs</i>	245,165,220	3.5%
<i>Environmental Protection Agency</i>	239,032,820	3.4%
<i>Department of the Treasury</i>	224,656,904	3.2%
<i>All other agencies</i>	188,271,081	2.7%
<i>Social Security Administration</i>	172,697,730	2.5%
<i>Department of Homeland Security</i>	170,241,932	2.4%
<i>Department of the Interior</i>	129,717,822	1.9%
<i>Department of Agriculture</i>	105,844,426	1.5%
<i>Department of State</i>	96,973,381	1.4%
<i>National Aeronautics and Space Administration</i>	69,574,876	1.0%
<i>Department of Transportation</i>	42,111,194	0.6%
<i>Department of Education</i>	41,579,977	0.6%
<i>Department of Energy</i>	34,507,044	0.5%
<i>United States Agency for International Development</i>	34,132,679	0.5%
<i>Department of Labor</i>	30,280,002	0.4%
<i>Department of Housing and Urban Development</i>	24,666,488	0.4%
<i>Nuclear Regulatory Commission</i>	11,090,519	0.2%
<i>Office of Personnel Management</i>	10,032,792	0.1%
<i>National Science Foundation</i>	6,661,336	0.1%
<i>Small Business Administration</i>	4,878,575	0.1%
<i>Total</i>	<i>6,957,291,189</i>	<i>100%</i>
<i>Average</i>	<i>278,291,648</i>	

Four agencies accounted for nearly 70 percent of all contracts for information products and services from FY2000 to FY2011, which, in dollar terms, represented \$4.8 billion in spending during that period. Those four agencies were: Defense (36 percent of total spending), Commerce (20 percent), Health and Human Services (9 percent), and Justice (5 percent).



**Figure 3. Federal Information Market Spending by Agency as Proportion of Total Spending, FY2000–2011**

Agency spending on information products and services fluctuated from FY2000 to FY2011 but remained relatively constant over the period. One apparent exception to this trend was the Department of Defense, as available data indicate a precipitous decline in that agency’s FY2011 spending on information commodities (see figure 4, below).



**Figure 4. Federal Information Market, Top Federal Agency Spending Trends, FY2000–2011**

### CONTRACTORS IN THE FEDERAL INFORMATION MARKET

From FY2000 to FY2011, federal agencies contracted with more than 10,000 organizations to provide the 16 categories of information products and services mentioned above in table 1. Among these thousands of contractors, 14 contractors stood out for receiving 50 percent of all contracts, as measured by the value of those contracts. The top contractor for information commodities for the federal government was Reed Elsevier, with \$1.4 billion in contracts, followed by Space Imaging LLC<sup>6</sup> (\$312 million), Thomson Reuters (\$304 million), and Computer Sciences Corporation (\$292 million). These four companies alone received \$2.3 billion in federal government contracts for information products and services, nearly one-third of all contracts, as measured by contract value.

<sup>6</sup> In 2006 Orbital Sciences Corporation (also known as ORBIMAGE) purchased Space Imaging LLC’s assets and formed the company GeoEye. See GeoEye, “About Us,” <http://www.geoeye.com/CorpSite/about-us/> (accessed July 29, 2011). The combined contracts of GeoEye, Orbital Sciences Corporation, and Space Imaging totaled nearly \$390 million from FY2000 to FY2011.

All of these contractors and others appear in table 3, below, which lists the top 50 recipients of federal government contracts for information products and services from FY2000 to FY2011. These 50 contractors collectively received nearly 70 percent of the contracts for information commodities, a substantial portion of the information market for the time period.

It is important to note that information in table 3 is intended to be a readily accessible listing of the prominent contractors in the federal information market and thus includes the names of parent companies rather than subsidiaries. Consequently, the values of contracts for some contractors in this table include the value of contracts awarded to parent companies and their subsidiaries. For example, the value of contracts awarded to Reed Elsevier includes contracts awarded to Reed Elsevier and its subsidiaries Elsevier B.V., Elsevier STM, Inc., Reed Elsevier N.V., Reed Elsevier plc, etc. It should also be noted that while some contractor names in this table are enigmatic and unclear—namely “Government of the United States,” “Miscellaneous Foreign Contractor,” and “State of California”—these are the contract awardees as they are listed in USAspending.gov.

**Table 3. Top Contractors in the Federal Information Market, FY2000–2011**

	<i>Contractor</i>	<i>Value of Contracts (in \$)</i>	<i>Contract Value as % of All Contracts</i>	<i>Cumulative Percentage</i>
1	Reed Elsevier	1,429,401,429	20.5%	20.5%
2	Space Imaging, LLC	312,703,605	4.5%	25.0%
3	Thomson Reuters	304,784,250	4.4%	29.4%
4	Computer Sciences Corporation	292,169,910	4.2%	33.6%
5	Arctic Slope Regional Corporation	235,720,916	3.4%	37.0%
6	DigitalGlobe, Inc.	173,385,321	2.5%	39.5%
7	Ebsco	171,088,310	2.5%	42.0%
8	Gartner, Inc.	138,443,614	2.0%	43.9%
9	Koniag, Inc.	91,572,234	1.3%	45.3%
10	IHS, Inc.	80,177,760	1.2%	46.4%
11	Swets	77,163,884	1.1%	47.5%
12	GeoEye, Inc.	72,395,067	1.0%	48.6%
13	Calista Corporation	69,067,190	1.0%	49.6%
14	Wolters Kluwer	66,824,477	1.0%	50.5%
15	Lockheed Martin Corporation	65,877,507	0.9%	51.5%
16	American Chemical Society	65,583,151	0.9%	52.4%
17	Cenveo, Inc.	63,934,326	0.9%	53.3%

**Table 3. Top Contractors in the Federal Information Market, FY2000–2011**

	<i>Contractor</i>	<i>Value of Contracts (in \$)</i>	<i>Contract Value as % of All Contracts</i>	<i>Cumulative Percentage</i>
18	McGraw Hill	63,019,993	0.9%	54.2%
19	Pearson	57,289,698	0.8%	55.1%
20	Afognak Native Corporation	56,961,462	0.8%	55.9%
21	Boeing	49,769,575	0.7%	56.6%
22	Basch Subscriptions	48,194,109	0.7%	57.3%
23	Cambridge Information Group	46,299,931	0.7%	58.0%
24	Miscellaneous Foreign Contractors	46,111,500	0.7%	58.6%
25	L-3 Communications	39,064,736	0.6%	59.2%
26	Dun and Bradstreet	38,012,122	0.5%	59.7%
27	Information International	31,633,007	0.5%	60.2%
28	Dynamics Research Corporation	29,104,930	0.4%	60.6%
29	Jim Pattison Group, Inc.	28,548,459	0.4%	61.0%
30	New Directions Technologies, Inc.	28,308,783	0.4%	61.4%
31	Techna-Graphics, Inc.	27,719,117	0.4%	61.8%
32	Logical Technical Services	27,607,269	0.4%	62.2%
33	Wilson Information Services	26,899,975	0.4%	62.6%
34	Hewlett-Packard Company	26,683,918	0.4%	63.0%
35	Bureau of National Affairs	26,365,640	0.4%	63.4%
36	SAIC, Inc.	26,015,572	0.4%	63.7%
37	Government of the United States	25,159,232	0.4%	64.1%
38	CSR, Inc.	25,017,056	0.4%	64.5%
39	WPP plc	24,555,699	0.4%	64.8%
40	ICF International, Inc.	24,524,474	0.4%	65.2%
41	Divine, Inc.	24,464,019	0.4%	65.5%
42	BAE Systems	24,417,772	0.4%	65.9%
43	GRB Environmental Services	24,370,189	0.4%	66.2%
44	Scholastic Corporation	24,200,449	0.3%	66.6%
45	Readmore, Inc.	23,969,444	0.3%	66.9%
46	State of California	23,833,072	0.3%	67.2%
47	Times Holding Company	21,600,845	0.3%	67.6%
48	McKing Consulting Corporation	21,288,435	0.3%	67.9%
49	Library Associates, Inc.	20,416,978	0.3%	68.2%
50	International Health Terminology Standards Development Organisation	20,384,948	0.3%	68.4%
	<i>Total</i>	4,762,105,362	68.4%	

With regard to small-business vendors’ participation in the information market, small businesses received nearly 41 percent of all contracts for information products and services between FY2000 and FY2011 but received only 28 percent of federal spending on those commodities (see table 4 and figure 5, below). This disparity suggests that small businesses received a substantial number of information product and service contracts but that their contract values were lower than those of large-business vendors. Additional key findings are as follows:

- Small-business vendors received the majority of contracts for four categories of products and services: 1) library services; 2) drawings and specifications; 3) aeronautical maps, charts, and geodesic products; and 4) topographic maps, charts, and geodesic products.
- In terms of contract value, small-business vendors received the majority of contracts for four categories of products and services, some of which are different than those listed above: 1) library services; 2) aeronautical maps, charts, and geodesic products; 3) hydrographic maps, charts, and geodesic products; and 4) topographic maps, charts, and geodesic products.
- Among the five commodities that accounted for nearly 96 percent of federal government spending on information goods and services (see Figure 1, above), small businesses were a major provider of only one of those commodities, library services.

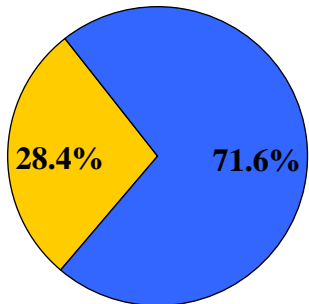
**Table 4. Small-Business Participation in the Federal Information Market**

Information Goods and Services (Product/Service Code)	Contract Value (in \$)			Number of Contracts		
	All Contractors	Small Business Contractors	Small Business (as %)	All Contractors	Small Business Contractors	Small Business (as %)
Library Services (R605)	865,976,774	633,479,995	73%	9,364	6,020	64.3%
Books and Pamphlets (7610)	1,110,611,390	438,862,690	40%	62,409	27,827	44.6%
Information Retrieval (R612)	768,035,296	229,749,979	30%	15,112	5,264	34.8%
Newspapers and Periodicals (7630)	630,121,491	224,783,685	36%	20,460	6,091	29.8%
Automated News Services, Data Services, or Other Information Services. Buying data the electronic equivalent of books, periodicals, newspapers (D317)	1,202,863,572	166,812,950	14%	10,603	2,978	28.1%
Maps, Atlases, Charts, and Globes (7640)	790,124,532	146,054,376	18%	3,212	724	22.5%
Miscellaneous Printed Matter (7690)	1,303,443,826	90,871,482	7%	10,932	5,445	49.8%
Digital Maps, Charts, and Geoditic Products (7644)	72,347,098	13,859,199	19%	867	293	33.8%
Technical Representation Services— Books, Maps, and Other Publications (L076)	26,657,798	9,628,871	36%	422	179	42.4%
Drawings and Specifications (7650)	84,016,098	8,662,947	10%	925	470	50.8%
Microfilm Processed (7670)	92,473,671	8,587,558	9%	1,656	217	13.1%
Hydrographic Maps, Charts, and Geodesic Products (7642)	1,978,018	1,801,490	91%	51	25	49.0%
Aeronautical Maps, Charts, and Geodesic Products (7641)	4,229,285	1,152,253	27%	202	109	54.0%

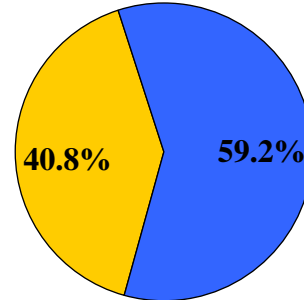
**Table 4. Small-Business Participation in the Federal Information Market**

Information Goods and Services (Product/Service Code)	Contract Value (in \$)			Number of Contracts		
	All Contractors	Small Business Contractors	Small Business (as %)	All Contractors	Small Business Contractors	Small Business (as %)
Topographic Maps, Charts, and Geodesic Products (7643)	1,644,734	1,032,916	63%	157	94	59.9%
Sheet and Book Music (7660)	2,766,672	421,548	15%	568	81	14.3%
Books, Maps, and Other Publications (76)	934	569	61%	8	2	25.0%
<i>Total</i>	<i>6,957,291,189</i>	<i>1,975,762,508</i>	<i>28%</i>	<i>136,948</i>	<i>55,819</i>	<i>40.8%</i>

**Percentage of Contract Dollars for Small Businesses FY2000–2011**



**Percentage of All Contracts for Small Businesses FY2000–2011**



**Figure 5. Small-Business Participation in the Federal Information Market**

**BENEFITS OF A STRATEGICALLY SOURCED INFORMATION MARKET**

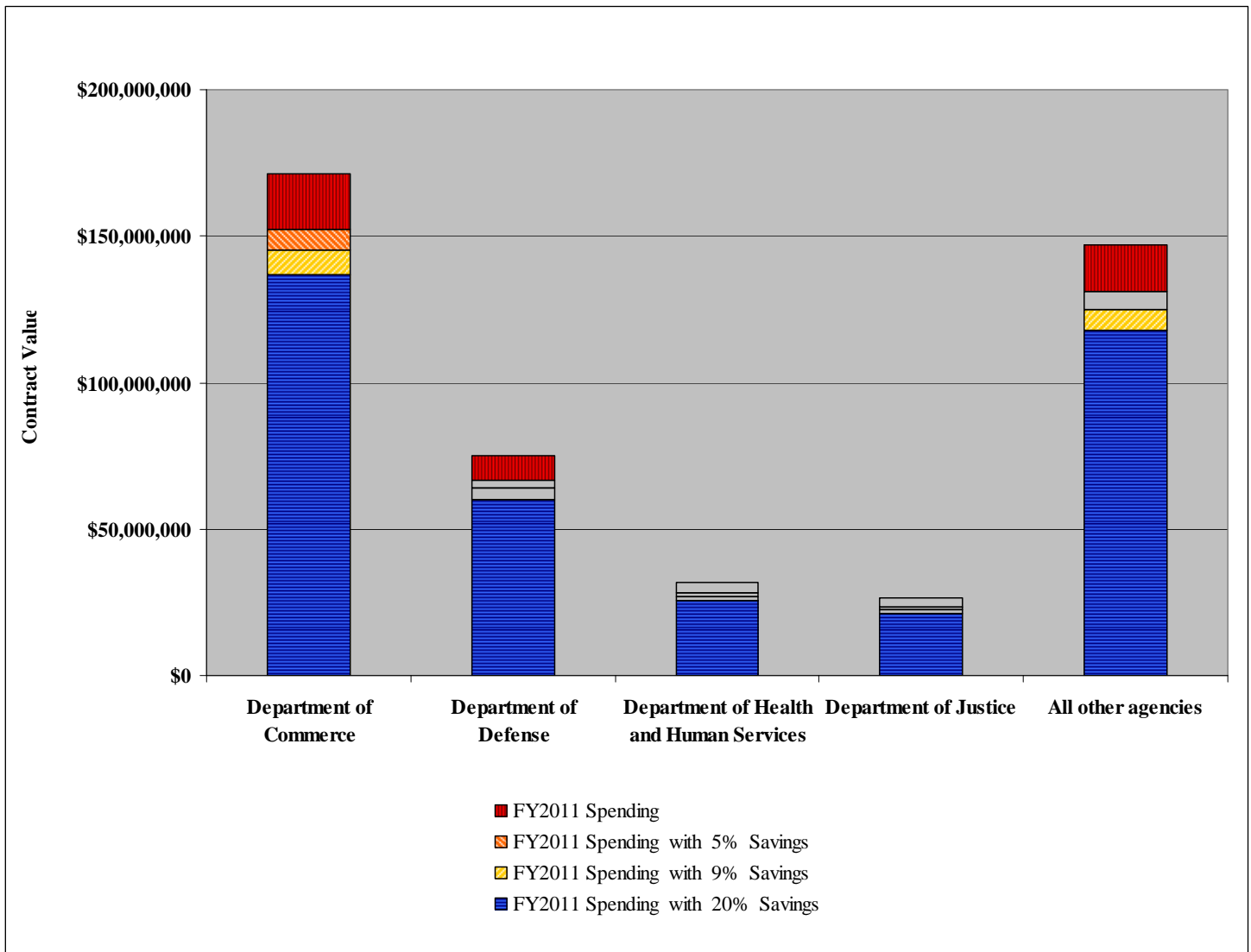
Thus far, the analysis of the federal information market has examined the market as it has existed without a federal strategic-sourcing program for information products and services. Calculations based on existing spending figures suggest that an initiative to strategically source information products and services could yield substantial savings on these products and services. If, for example, information commodities were under the FSSI in FY2011, the federal government could have saved in the range of \$20 million to \$90 million on information products and services. This range of savings is based on different scenarios of 5-percent to 20-percent savings on those commodities. These scenarios are detailed in table 5 and illustrated in figure 6, below. It is helpful to note that in figure 6, the tops of the colored bar segments indicate the total spending levels that could be realized at different discount rates through strategic sourcing of information commodities. Specifically, spending on information commodities with no discount is depicted by the top of the red segments, spending with a 5-percent discount is depicted by the top



of the orange segments, spending at a 9-percent discount is depicted by the top of the yellow segments, and so on.

**Table 5. FY2011 Spending by Agency Under Different Savings Scenarios**

Agency	No FSSI	5%		9%		20%	
	Spending	Spending	Savings	Spending	Savings	Spending	Savings
Department of Commerce	\$171,128,224	\$162,571,813	\$8,556,411	\$155,726,684	\$15,401,540	\$136,902,579	\$34,225,645
Department of Defense	\$75,075,515	\$71,321,739	\$3,753,776	\$68,318,719	\$6,756,796	\$60,060,412	\$15,015,103
Department of Health and Human Services	\$31,771,069	\$30,182,516	\$1,588,553	\$28,911,673	\$2,859,396	\$25,416,855	\$6,354,214
Department of Justice	\$26,524,254	\$25,198,042	\$1,326,213	\$24,137,071	\$2,387,183	\$21,219,403	\$5,304,851
All other agencies	\$147,102,209	\$139,747,099	\$7,355,110	\$133,863,010	\$13,239,199	\$117,681,767	\$29,420,442
Total	\$451,601,272	\$429,021,208	\$22,580,064	\$410,957,158	\$40,644,114	\$361,281,018	\$90,320,254

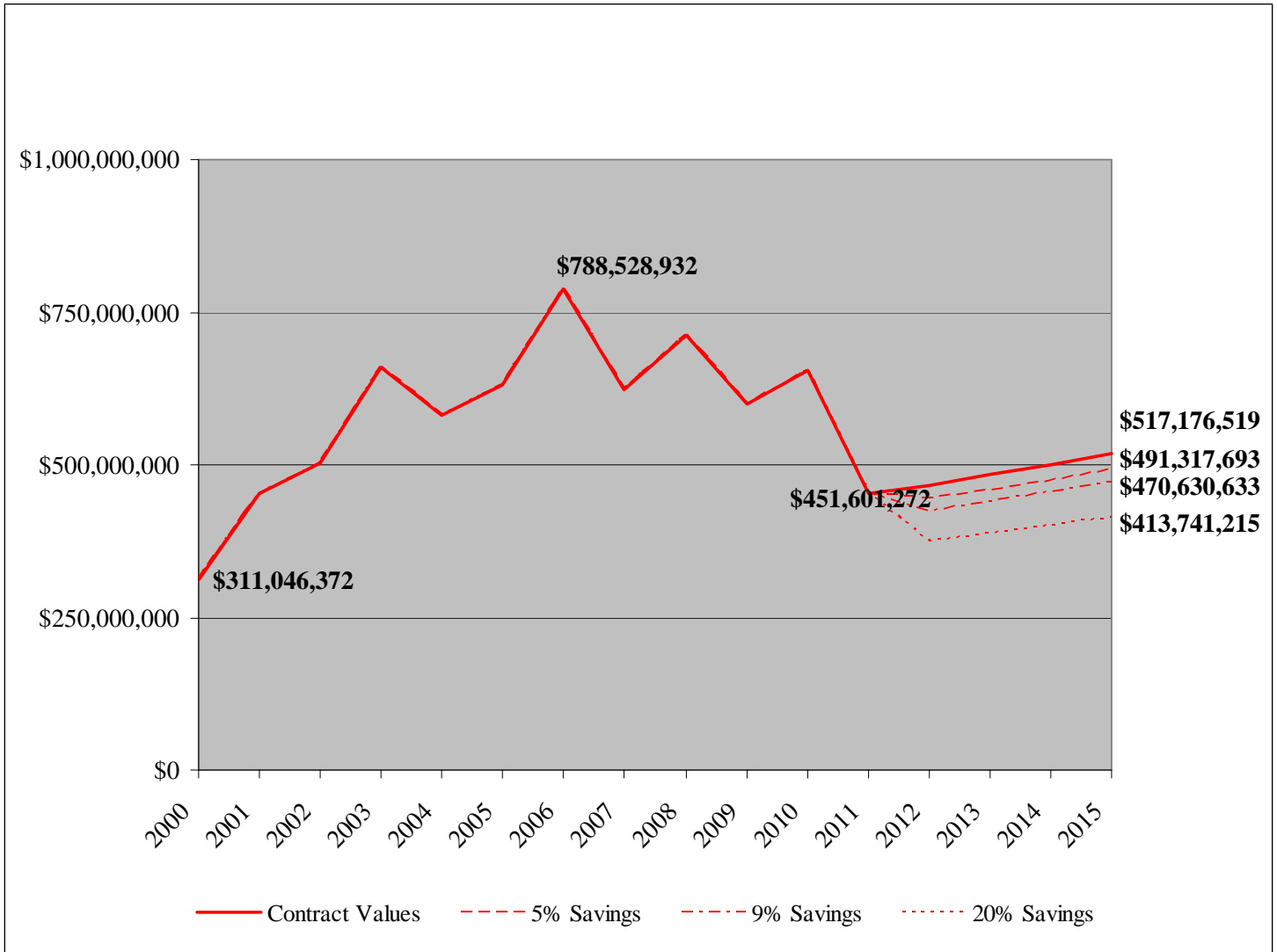


**Figure 6. FY2011 Spending by Agency Using Different Savings Scenarios**

With regard to the potential savings that strategic sourcing could provide for information products and services beyond FY2011, rates of changes in the information market from FY2000 to FY2011 indicate that the market can be projected to grow from an estimated \$467 million in FY2012 to more than \$500 million in FY2015.<sup>7</sup> If the federal government established a strategic-sourcing program for information products and services, and if all federal agencies participated in it, the government could realize total savings in the range of \$100 million to \$400 million over that four-year period (see table 6 in the appendix at the end of this paper). These savings are based on discounts of 5 percent and 20 percent, respectively. Figure 7, below, depicts the estimations of growth in the information market by FY2015 under various discount scenarios.

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<sup>7</sup> The researcher calculated projected growth in FY2012 to FY2015 by using a geometric mean of annual rates of change from FY2000 to FY2011—which was 3.4 percent—and the total information market figure for FY2011 as a base year.



**Figure 7. Projected Growth and Potential Savings in the Federal Information Market, FY2012–2015**

These projections of the future growth and potential savings in the information market are based on the assumption that all federal agencies would participate in a strategic-sourcing program for information products and services. Such calculations are illustrations of the economic usefulness of strategic sourcing, but they are also greatly simplified generalizations and unrealistic estimations based on the performance of existing FSSI programs. More specifically, the number of federal agencies participating in the three currently available FSSI

programs has varied. Three agencies have participated in the wireless-services program, and 82 agencies have participated in the program for domestic-delivery services, for example.<sup>8</sup>

If these growth and savings scenarios are recalculated to include variations in federal-agency participation, a richer, more detailed picture emerges of potential savings through strategic sourcing. However, such an exercise is beyond the scope of this report, because it entails creating numerous scenarios in which agencies do or do not participate in strategic sourcing at varying discount rates. Thus, for the purpose of gaining some estimation of the different savings that could be realized if varying proportions of agencies participated in an information-commodity FSSI program, more limited calculations were made of savings based on varying proportions of spending through such an FSSI program at varying discount rates. Specifically, calculations were made of spending and savings on information products and services if one-fourth, one-third, and one-half of such spending occurred at 5-percent, 9-percent, and 20-percent discount rates.

The findings, which are detailed in table 7 (see appendix) and depicted in figure 8, below, are that total savings on federal spending on information commodities would vary from almost \$23 million if one-fourth of such spending occurred at a 5-percent discount to nearly \$400 million if one-half of this spending occurred at a 20-percent discount. In figure 8, the tops of the colored bar segments indicate the spending levels at different discount rates. For example, spending on information commodities at a 5-percent discount is depicted by the top of the orange segments, spending at a 9-percent discount is depicted by the top of the yellow segments, and so forth. Future spending estimates with no discount are depicted by the red bar on the left of the graph.

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<sup>8</sup> U.S. General Services Administration, “Strategic Sourcing Metrics.”

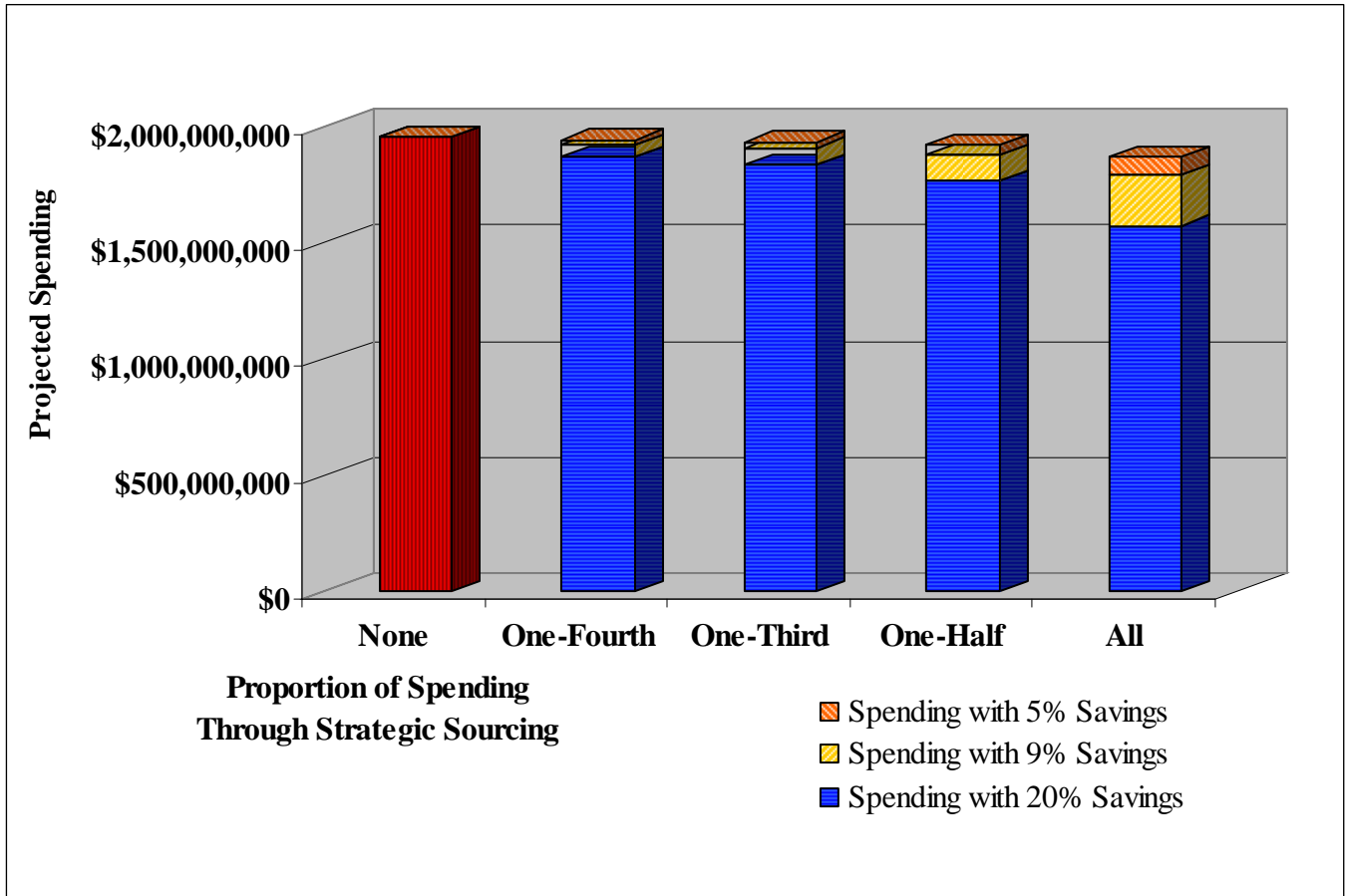


Figure 8. FY2012–2015 Total Spending Projections Based on Various Strategic-Sourcing Scenarios

**APPENDIX. ESTIMATED SPENDING AND SAVINGS PROJECTIONS**

**Table 6. Projected Growth and Savings in the Federal Information Market, FY2012–FY2015**

Savings	2012		2013		2014		2015		Total		Average Annual Savings
	Spending	Savings	Spending	Savings	Spending	Savings	Spending	Savings	Spending	Savings	
No FSSI	\$467,171,206	\$0	\$483,277,947	\$0	\$499,940,003	\$0	\$517,176,519	\$0	\$1,967,565,675	\$0	\$0
5% savings	\$443,812,646	\$23,358,560	\$459,114,050	\$24,163,897	\$474,943,003	\$24,997,000	\$491,317,693	\$25,858,826	\$1,869,187,391	\$98,378,284	\$24,594,571
9% savings	\$425,125,797	\$42,045,409	\$439,782,932	\$43,495,015	\$454,945,403	\$44,994,600	\$470,630,633	\$46,545,887	\$1,790,484,764	\$177,080,911	\$44,270,228
20% savings	\$373,736,965	\$93,434,241	\$386,622,358	\$96,655,589	\$399,952,002	\$99,988,001	\$413,741,215	\$103,435,304	\$1,574,052,540	\$393,513,135	\$98,378,284

**Table 7. FY2012–FY2015 Total Spending Projections Based on Strategic-Sourcing Spending**

Proportion of Spending Through Strategic Sourcing	5% Discount		9% Discount		20% Discount	
	Total Spending	Savings	Total Spending	Savings	Total Spending	Savings
None	\$1,967,565,675	\$0	\$1,967,565,675	\$0	\$1,967,565,675	\$0
One-Fourth	\$1,942,971,104	\$24,594,571	\$1,923,295,447	\$44,270,228	\$1,869,187,391	\$84,308,870
One-Third	\$1,934,805,706	\$32,759,968	\$1,908,597,732	\$58,967,943	\$1,836,525,801	\$116,970,461
One-Half	\$1,918,376,533	\$49,189,142	\$1,879,025,220	\$88,540,455	\$1,770,809,107	\$182,687,154
All	\$1,869,187,391	\$98,378,284	\$1,790,484,764	\$177,080,911	\$1,574,052,540	\$379,443,722

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